

Finance and Administration Cabinet STANDARD PROCEDURE		ISSUED BY: Executive Management
PROCEDURE #1.5	SUBJECT: Assurance for Fiscal and Programmatic Integrity	
EFFECTIVE DATE: 11/29/13		
CONTACT: Standard Procedures Coordinator		LOCATION: Capital Annex, Room 493 PHONE: 502-564-4240

## STATEMENT OF AUTHORITY

1. The Finance and Administration Cabinet's (FAC) Standard Procedures Manual establishes standard mandatory internal procedures cabinet-wide. These procedures are established in accordance with the Secretary's statutory authority under KRS 42.014 and KRS 12.270 to establish the internal organization and functions of the Cabinet as necessary to perform the duties effectively.
2. The Standard Procedures Manual may only be revised in accordance with the process outlined in Standard Procedure #1.1 entitled: "Finance Standard Procedures and Manual".

### I. PURPOSE

This policy identifies the procedures for FAC personnel to report suspected occurrences of fraud, waste and abuse either by personnel, state agencies or individuals/companies conducting business with Kentucky.

### II. DEFINITIONS

"Abuse" means the involvement of improper behavior that includes the misuse of authority or position for personal financial interests.

"Fraud" means any intentional act or omission designed to deceive others, resulting in personal gain.

"Waste" means the intentional or unintentional mismanagement, inappropriate actions and inadequate oversight with control or access over governmental resources.

### III. PROCEDURE

#### A. Internal Reporting to FAC

1. FAC Employees
  - a. Employee shall inform next line supervisor.
  - b. If employee is not comfortable reporting to next line supervisor, the chain of command shall be followed with the next line manager to be advised.

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- c. If employee is not comfortable reporting to management within said office, then he/she should notify the Executive Director of the FAC Office of Policy and Audit.
- d. The Office of Policy and Audit will contact the Office of General Counsel and the Office of the Controller to determine the scope and impact of the alleged fraud.
- e. The Office of Policy and Audit will perform one or more of the following when evidence of fraud is found:
  1. Advise the Secretary, and appropriate levels of management within FAC;
  2. Contact APA;
  3. Contact OAG
  4. Contact the appropriate law enforcement agencies
  5. Conduct an audit and/or fraud investigation.

## 2. Fiscal Officer

Pursuant to 200 KAR 38:070 (3)(3), each fiscal officer shall report amounts paid to a vendor, provider, or recipient due to errors, fraud or abuse in the annual financial closing package to the Office of the Controller.

## 3. Offices and Attached Agencies

Pursuant to 200 KAR 38:070 (3)(5), financial or administrative abuse or fraud discovered by the agency shall be reported to the Office of the Controller as soon as practicable. After the appropriate agency authorities and state or federal officials have investigated the fraud or abuse, the agency shall submit an analysis of the internal control weakness that allowed the fraud or abuse to occur to the Office of the Controller. The agency shall also submit the internal controls that have been implemented by the agency to correct the weakness.

## B. External Reporting to Other Cabinets and Agencies

1. Should evidence of fraud, waste or abuse be found which impacts a program or agency external to FAC- the Office of Policy and Audit will contact the appropriate state or federal office or Inspector General for the area in question.

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### **C. Types of Information to Provide**

1. Allegation
  - a. Provide as much information as possible.
  - b. Detailed, complete and accurate information will improve the ability for the agency/cabinet to respond to your allegation.
2. What
  - a. Provide details of the alleged fraud, waste, abuse or mismanagement.
  - b. Examples of facts and circumstances to include are:
    1. A description of the misconduct;
    2. How you know about the misconduct;
    3. How and when the misconduct was discovered;
    4. The amount of money, personnel, and/or agency resources involved;
    5. How long the alleged misconduct occurred;
    6. Attempts by the alleged violator(s) to hide the misconduct;
    7. And any other information you believe may be relevant.
3. When
  - a. When did the misconduct occur?
  - b. If the misconduct occurred over time or is currently ongoing what was the actual or approximate start date?
4. Where
 

Where did the misconduct occur?

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5. Who

- a. Identify the primary person or entity who engaged in the alleged misconduct. Provide the following information, if available:
  1. First Name
  2. Middle Initial
  3. Last Name
  4. Complete Address
  5. Email
  6. Company, organization, or other entity affiliation of the primary person in the alleged misconduct (if applicable)
- b. If more than one person is involved, list each name to include the information listed above.

6. Other

Provide any additional information concerning this misconduct, such as:

- A. A list or description of any documents or other evidence you or others may have that is relevant to the complaint.
- B. The names and contact information for other witnesses who could provide additional information; and
- C. Any other information you believe may be relevant to the complaint.

**D. The Kentucky Whistleblower Act (KRS 61.101 et seq.)**

1. The FAC is committed to operating in compliance with all applicable laws, rules and regulations, and it prohibits unlawful retaliatory practices against its employees by any of its board members, officers, employees or agents. Employees may report any actual or suspected violations of law or policy, or any facts or information relative to actual or suspected mismanagement, waste, fraud, abuse of authority, or substantial and specific danger to public health or safety to any public body with apparent authority to remedy or report such actions. This policy applies to any matter which is

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related to the cabinet's business and does not relate to private acts of an individual not connected to the business of the FAC.

2. Pursuant to [KRS 61.102](#), the FAC will not subject any employee, as defined in [KRS 61.101](#), to reprisal, either directly or indirectly, or threatening to use, for having made a good faith report of suspected wrongdoing of the type set-forth above, either internally to the FAC, or externally to any public body with apparent authority to remedy or report such wrongdoing, nor will the FAC take any such retaliatory action against any person who supports, aids or substantiates such an employee in having done so.

#### IV. REFERENCES

[200 KAR 38.070](#)

[Guide to the Executive Branch Code of Ethics](#)